

STATEMENT OF
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PERFORMING THE DUTIES OF UNDER SECRETARY OF DEFENSE
FOR PERSONNEL AND READINESS

BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
MILITARY PERSONNEL SUBCOMMITTEE

“THE MILITARY HEALTH SYSTEM: HEALTH AFFAIRS/TRICARE
MANAGEMENT ACTIVITY ORGANIZATION”

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SUBCOMMITTEE ON MILITARY PERSONNEL

Madame Chairwoman, Members of the Subcommittee, thank you for the opportunity to be with you today to discuss the Military Health System organization. As you know, on September 11th, 2001 our world changed, driving changes to our requirements. As we work diligently to respond to new realities, the Department remains determinedly focused on the care, support and transition of wounded, ill and injured Service members. At the same time, we are also ever mindful of our obligations to provide the highest quality, most accessible, and cost effective health care services for all 9.4 million beneficiaries – those who serve today, and those who have served before. We have taken several steps in the last several years to regain the confidence of the American public and remain committed to earning that trust every day. In fulfilling its mission requirements, the Military Health System and its globally-engaged components are shaped by many internal and external factors, some of which I will touch upon in this testimony.

The Under Secretary of Defense (Personnel and Readiness) is a Principal Staff Assistant and advisor to the Secretary of Defense, to promulgate Department of Defense policies and assign responsibilities, functions, and authorities to execute those policies. The Under Secretary of Defense (Personnel and Readiness) reports directly to the Secretary of Defense, and is chartered with the following portfolio of responsibilities: Total Force management; National Guard and Reserve Component affairs; health affairs; readiness and training; military and civilian personnel requirements; language; dependents' education; equal opportunity; morale, welfare, recreation; and quality-of-life matters.

In carrying out responsibilities to develop policies, plans, and programs for Health Affairs, the Under Secretary of Defense (Personnel and Readiness) is charged to: provide and maintain readiness; provide health services and support to members of the Armed Forces during military operations; and provide health services and support to members of the Armed Forces, their dependents, and others entitled to or determined eligible for Department of Defense medical care.

The Under Secretary of Defense (Personnel and Readiness) also participates in planning, programming, and budgeting activities that relate to assigned areas of responsibility, serves on boards, committees, and other groups pertaining to assigned functional areas, and represents the Secretary of Defense on Personnel and Readiness. Two examples illustrate these responsibilities: (1) the Under Secretary of Defense (Personnel and Readiness) chairs the Military Health System Executive Review, the Department's senior healthcare advisory body comprised of the Service Assistant Secretaries (Manpower and Reserve Affairs), Service Vice Chiefs, Office of the Department of Defense Comptroller, Joint Staff Director, and Services Surgeons General; and (2) the Under Secretary of Defense (Personnel and Readiness) chairs the Congressionally-mandated Joint Medical Readiness Council.

In exercising authority, direction, and control over Health Affairs, the Under Secretary of Defense (Personnel and Readiness) ensures that policies and programs are designed and managed to improve standards of performance, economy, and efficiency, and these organizations are attentive and responsive to the requirements of their organizational customers, both internal and external to the Department of Defense.

Healthcare plays a key role in sustaining the all volunteer force. The Department must ensure consistent delivery of a quality healthcare benefit that is responsive to the needs of our population. The Department places great value on efforts to ensure an integrated framework for healthcare delivery within the Department – a framework that takes advantage of economies of scale in integrating the direct and purchased care components of the TRICARE program; ensures effective delivery of high quality clinical programs; and provides effective oversight of the Defense Health Program appropriation through a corporate process that engages senior Military Health System leadership under the direction of the Assistant Secretary of Defense (Health Affairs). In sum, our goal is to guarantee a predictable, reliable, robust, effective, superior quality, and readily accessible healthcare system for our beneficiary population. Our Military Health System is presently providing and must continue to provide benefits to remain in the future a vital recruitment, retention, and readiness tool. The issues identified in the testimonies for this hearing are not new and DoD leadership is aware of them. DoD is committed to constantly improving the organizational structure of the Military Health System and is aware

of various recommendations to improve internal communications, planning and coordination efforts. The input from all stakeholders is valued and is currently being reviewed.

The Assistant Secretary of Defense (Health Affairs) today also serves as the Director, TRICARE Management Activity. This structure enables the Assistant Secretary of Defense (Health Affairs) to effectively direct and manage the policy and program responsibilities for the Military Health System, to include enterprise support functions and corporate activities of the TRICARE Management Activity.

Within the Department, we continue to seek ways to organize most effectively, consistent with Congressional intent and law. In the last five years, Congress has enacted many new programs, directed BRAC implementation, and expanded our requirements to care for Wounded Warriors. At the same time, we have been asked to reduce healthcare costs while concurrently increasing our effectiveness in delivering these programs. We have undertaken administrative adaptations to improve unity of effort to address these emerging needs of the Department, and are devoted to responding to these requirements in a manner consistent with the intent of Congress.

To achieve more Jointness in the Department's medical activities, the Deputy Secretary of Defense issued a Program Decision Memorandum to develop plans to implement a Joint Medical Command by the 2008 Program Review. A task force was formed to frame options, but no consensus was achieved. In the alternative, during Fall 2006, the Under Secretary of Defense (Personnel and Readiness) and the Assistant Secretary of Defense (Health Affairs) developed a framework for achieving more Jointness and unity of effort, and after due consideration the Deputy Secretary of Defense approved this framework on November 27, 2006 ("Joint/Unified Medical Command Way Ahead" memorandum). The "Way Ahead" memorandum describes an incremental approach and achievable steps designed to yield efficiencies and economies of scale throughout the Military Health System, and some progress has been made.

In February 2009, the Assistant Secretary of Defense (Health Affairs) provided a second interim update in response to House Report 109-464, to accompany H.R. 5385. This update

described progress in implementing the tenets approved by the Deputy Secretary of Defense in this November 27, 2006 memorandum. Key points that were highlighted in this interim update included steps to streamlining governance processes; leverage efficiencies; standardize policy, training and doctrine for all our forces; rationalize span of control at both the tactical and strategic levels; and improve resource management, transparency and accountability. As noted in this interim response to Congress, some specific areas where the Department has made progress are:

- Joint Command for the National Capital Area: The Deputy Secretary of Defense established the Joint Task Force Capital Medical (JTF CapMed), which achieved full operating capability on September 30, 2008. The JTF CapMed is meeting BRAC milestones for the creation of the Walter Reed National Military Medical Center at Bethesda.
- Joint Approach for the Medical Education and Training Campus in San Antonio: Military Health System leadership has established the Flag Officer Steering Committee to provide oversight in planning. The goal in standing up the Joint Medical Education and Training Campus is to share among the Military Departments 90 percent of the enlisted curriculum in order to improve quality and consistency of training for all enlisted personnel, contributing to a culture of increased Jointness and interoperability.
- Joint Approach to Governance in San Antonio: In San Antonio, all governance decisions that affect the market are accomplished in a joint, collaborative manner. Brooke Army Medical Center and Wilford Hall Medical Center (Air Force) already have completed an inpatient business plan for the new San Antonio Military Medical Center and are currently reviewing their integrated manpower needs and synchronizing construction with their transition schedule.
- Co-location of medical headquarters with consolidation of common functions, operations, practices and cultures: At Congress' direction through the Base Realignment and Closure Act, the Department is proceeding with plans to collocate its medical headquarters activities. The collocation of the headquarters activities of Health Affairs, TRICARE Management

Activity, the Army Medical Command, Navy Bureau of Medicine and Air Force Medical Service will increase unity of effort in building Military Health System policy, strategy, and financial programming to yield greater consistency across the Services in program execution. We believe that collocation provides an opportunity to achieve consolidation of common headquarters functions and operations. Much work remains to be done in this regard.

Conclusion

Chairwoman Davis, the testimony you will receive from Health Affairs and the TRICARE Management Activity go into further detail on their roles and responsibilities. We will continue to improve to better serve the needs of America's military men and women and their families. In response to these events and the overall transformation of health care in the United States, the Military Health System leadership – both in the Office of the Secretary of Defense, the Military Departments, and the Joint Staff – is posturing itself for unity of effort. Thank you for your generous support of our wounded, ill and injured service members, veterans, and their families...the men and women served by our Military Health System. We look forward to your questions.

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